

Small Business Subcontracting Plan Preparation

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Plan Requirement

Who Must File a Plan?

Per FAR 19.702, there are three tests. Plans are required for all contracts 1) with an estimated value over \$650,000 (for the full contract term, including options), 2) with further subcontracting opportunities, and 3) when the contract holder is a large businesses.

1-1 Legal Overview

Legal Resources

- **FAR 52.219-8**
Utilization of Small Business Concerns
- **FAR 52.219-9**
Small Business Subcontracting Plan
- **FAR 52.219-6**
Liquidated Damages – Subcontracting Plans
- **FAR 19.7**
The Small Business Subcontracting Program

1-2 Legal Overview

Legal Resources - Continued

- **GSAR 552.219-71**
Notice to Offerors of Subcontracting Plan Requirements
- **GSAR 552.219-72**
Preparation, Submission, and Negotiation of Subcontracting Plans
- **13 USC 121**
Small Business Size Regulations
- **13 USC 125**
Government Contracting Programs
- **Public Law 95-507**
The Small Business Act

1-3 Legal Overview

FAR 219-9(g)

“A commercial plan **is the preferred type** of subcontracting plan for contractors furnishing commercial items. The commercial plan shall relate to the offeror’s planned subcontracting generally, for both commercial **and** Government business, rather than solely to the Government contract. ”

2-1 Commercial vs. Individual

	Commercial Plans (Division & Company-wide)	Individual Plans
Plans (goals)	Submitted annually	Submitted for the entire performance period
	Goals can be adjusted annually based upon your company's current climate	Goals are set for the entire performance period and cannot be changed
	Includes all large and small business spend	Includes only dollars spent in support of the VA contract
eSRS Reports (actual results)	Submit annual SSR and Year-End reports	Submit annual SSR and Year-End reports
		Also submit biannual ISR
		Currently there is a proposed rule which, when finalized, will require achievements to be reported for each task or delivery order.

2-2 Commercial vs. Individual

Subcontracting Plan Period

- Per FAR 52.219-9(b), the plan period for commercial plans must coincide with your company's fiscal year.
- Prior to the approval of an **initial** plan, the dollars will be pro-rated and the start date adjusted so that the initial plan starts with the contract award date and ends with the company's fiscal year-end (e.g. October 1, 2011 – December 31, 2012, a 15-month period).

Subcontracting Plan period:

3-1 Plan Components

1) Type of Plan

- Select a) Individual, b) Commercial Division-wide, or c) Commercial Company-wide. See section 2 for a complete explanation of individual vs. commercial plan types.
- For all plan types, you must list the **total value of projected subcontracts**. This is your company's total "spend", which includes spend with both **large and small** businesses.
- For commercial plans, you also need to include your total projected sales for the period and calculate the requested percentage.

Total projected sales \$

Total value of projected subcontracts (both **large and small** businesses) \$

(Subcontracts Represent % of Total Annual Sales)

3-2 Plan Components

2) Goals

- You must state separate dollar and percentage goals for small businesses and each subcategory.
- The calculated percentage for each category is based upon **the total available subcontracting dollars** that you listed in the previous section. For example, HUBZone dollars of \$400,000 ÷ Total Subcontracting dollars of \$2,500,000 = 16%.
- All small business dollars count once in the Small Business category and can count multiple times in the subcategories. For example, a \$500,000 subcontract with a small, veteran, woman-owned business would count in all three categories.

Total estimated dollar value and percent of planned subcontracting **with HUBZone small businesses (HUB):**

\$ and %

3-3 Plan Components

3) Products and/or Services

- You must list the principal types of products and/or services that will be subcontracted under the plan.
- You must propose something for **every** category.
- Do not just list the same things for each category. You should be examining each category independently.

PRODUCTS AND/OR SERVICES

The principal types of products and/or services that will be subcontracted under this plan are as follows:

SB:

SDB:

VO:

WO:

SDVO:

HUB:

3-4 Plan Components

4) Goal Development

This question asks how you actually arrived at the dollar/percentage goals that you are proposing. Are your goals based on

- Historical data, previous spend history
- Projected forecast based upon current year's data
- Projected goals based on experience, business forecasts, & commitment to improvement, etc.

GOAL DEVELOPMENT

The following method was used in developing the subcontracting goals:



3-5 Plan Components

5) Identifying Potential Sources

As identified in FAR 52.219-9(d)(5), this question is asking about specific resources you are using to find small businesses, such as

- Existing company source lists
- CCR/SBA Dynamic Small Business Search (DSBS, <http://dsbs.sba.gov>)
- VetBiz.gov
- Women's Business Enterprise National Council (www.wbenc.org)
- National Minority Business Council (www.nmbc.org)
- National Assoc. of Small Disadvantaged Businesses (<http://nasdb.org>)

IDENTIFYING POTENTIAL SOURCES

The following methods were used to identify potential sources for solicitation purposes (See FAR 52.219-9(d)(5) for examples of methods that may be used.):



3-6 Plan Components

6) Indirect Costs

- You **must** choose “have” or “have not been” included. Even commercial plans are given a choice per FAR 52.219-9(d)(6). Prior templates indicated “N/A for commercial plans” in error.
- If you have a commercial plan type (not an individual) and choose “have been”, you do not need to determine a proportionate share. Commercial plans that choose to include indirect costs apply them at 100%.

INDIRECT COSTS

Indirect costs have have not been included in the dollar and percentage subcontracting goals stated above. (Check one.)

3-7 Plan Components

7) Program Administrator

- The individual you list here will be the individual contacted by us for all subcontracting plan and eSRS issues, including instructions, reminders, etc.
- Be sure to be specific and comprehensive when listing duties.

PROGRAM ADMINISTRATOR

The following individual will administer the subcontracting program:

NAME:

TELEPHONE:

TITLE:

E-MAIL:

ADDRESS:

This individual's specific duties, as they relate to the firm's subcontracting program, are as follows:

3-8 Plan Components

8) Equitable Opportunity

Please take this opportunity to highlight any proactive efforts your company is making in this area. This goes a long way towards showing that your company is making a “good faith effort”. Some examples include

- Contacts w/ SB, minority, WO, etc. trade associations
- Contacts w/ business development organizations
- Attendance at or sponsorship of small business conferences, trade shows, workshops, seminars, training programs, etc.

EQUITABLE OPPORTUNITY

The following efforts will be taken to assure that small business, veteran-owned small business, service-disabled veteran-owned small business, small disadvantaged business, women-owned small business, and HUBZone small business concerns will have an equitable opportunity to compete for subcontracts:



3-9 Plan Components

9) Flow-Down Clause - FAR 52.219-9(d)(9); see also 52.212-5(e)(1)(ii)(C), Alternate II

10) Reporting & Cooperation – FAR 52.219-9(d)(10)

11) Recordkeeping – FAR 52.219-9(d)(11)

By signing the plan, you are agreeing to the text of these sections. The text was taken directly from FAR 52.219-9(d) so that the template would be in compliance with the FAR required components of an acceptable subcontracting plan. You may add to this language; however, you may not paraphrase or deviate from it such that it changes the intent of the FAR.

3-10 Plan Components

Signature

You must provide a signed copy of the plan. We do not need an original copy. A scanned copy sent via e-mail is sufficient.

Signed:	_____
Typed Name:	<input type="text"/>
Title:	<input type="text"/>
Date Signed:	_____

Additional Documentation

Feel free to attach any documentation that you feel will support your plan and show your company's "good faith effort" in complying with plan requirements.

3-11 Plan Components

Comprehensive Table

The table is to be used as a comprehensive snapshot of where you proposed that your company would be, where it landed, and where it is going with respect to subcontracting dollars. Please make sure that your prior year goals match your previous plan, and your current, proposed goals should match those listed in #1 and #2.

	PRIOR YEAR/CONTRACT GOALS	PRIOR YEAR/CONTRACT ACHIEVEMENTS*	GOALS PROJECTED FOR CURRENT YEAR/CONTRACT
Total Subcontracting Dollars +	\$ _____	\$ _____	\$ _____
Small Business Dollars	\$ _____	\$ _____	\$ _____
Small Business Percent	_____%	_____%	_____%

3-12 Plan Components

A **justification letter** is required whenever you are proposing percentage goals that are less than your actual percentage achievements (the prior plan period) and/or when you are proposing percentage goals that are lower than the VA suggested goals in any category. Currently, those goals are as follows:

- Small Businesses: 17.7%
- Veteran-Owned Small Businesses: 5.0%
- Service Disabled Veteran-Owned Small Businesses: 3.0%
- Disadvantaged Small Businesses: 5.0%
- Women-Owned Small Businesses: 5.0%
- HUBZone Small Businesses: 3.0%

4-1 Justification Letter

Please be specific in explaining the challenges your company faces in meeting the VA's suggested goals. Address specific subcategories when applicable. Examples include:

- FDA registration/approval
- Quality control/technical requirements
- Buyer specifications
- Prior SBs are now LBs; must search for new SBs
- Proximity/Logistics – rural companies with few local SBs to meet needs

4-2 Justification Letter

The following are checks to perform on your proposed plan to verify that it is ready for submission:

- **Plan Period:** Does this reflect your company's fiscal year?
- **Date Submitted:** If you made revisions to your plan, did you change this date?
- **1) Type of Plan:** Does your total subcontracting dollars include spend with both large **and** small businesses?
- **2) Goals:** Did you include goals for **each** category (no zero goals permitted)? Did you divide your category dollars by the total subcontracting dollars to correctly arrive at the percentage?

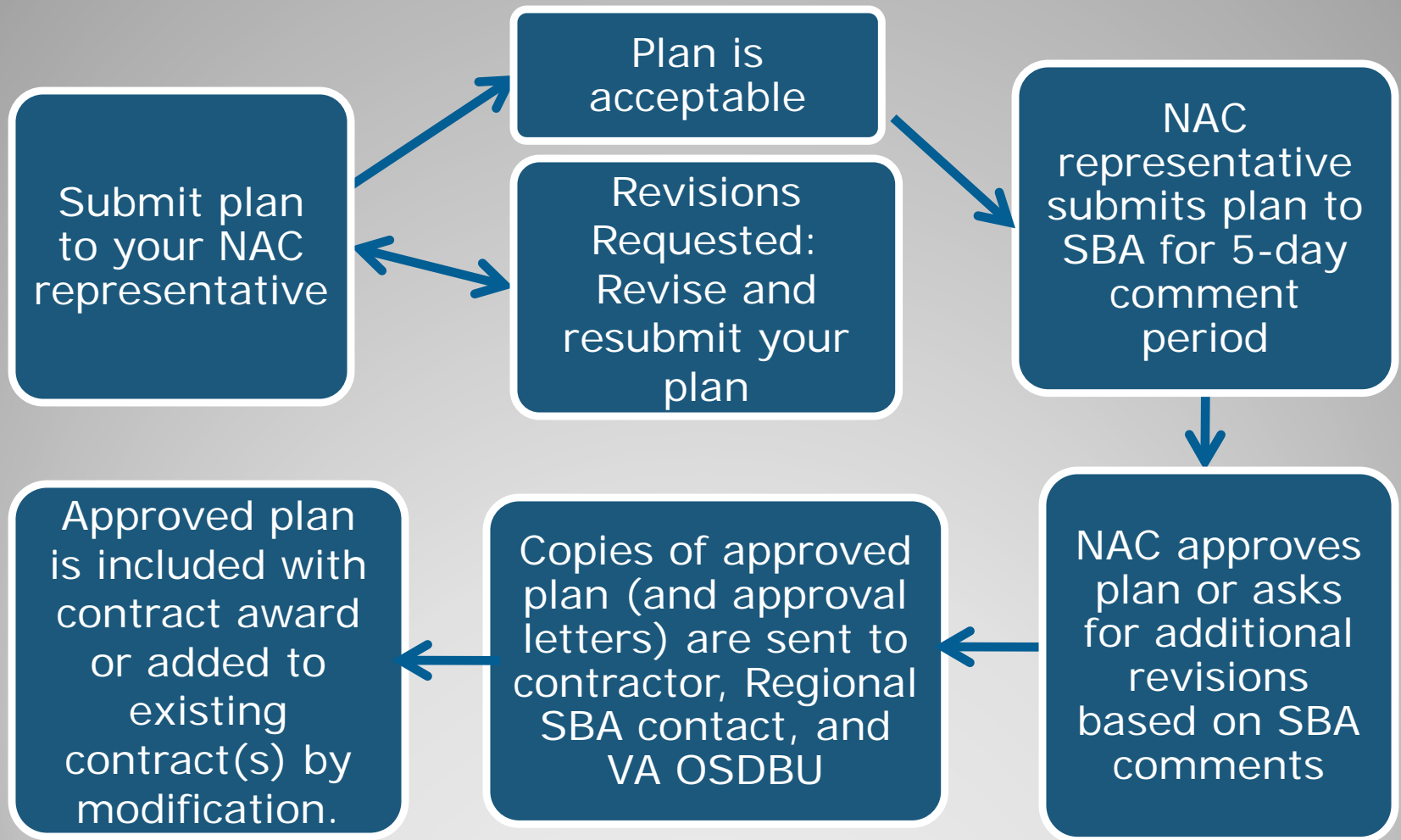
5-1 Quick Check

- **3) Products and/or Services:** Did you propose something for each category? Did you examine each category independently?
- **4) Goal Development:** Did you properly answer the question providing the **method** you used to arrive at your actual goals?
- **5) Identifying Potential Sources:** Did you list specific database resources that you are using?
- **6) Indirect Costs:** Did you select “have” or “have not” (you **must** choose one)? If you selected “have not” and are filing an **individual** plan, did you answer the second question? The second question does not apply to commercial plans.

5-2 Quick Check

- **7) Program Administrator:** Were you specific and comprehensive in listing the administrator's duties?
- **8) Equitable Opportunity:** Did you list any of your company's proactive efforts to demonstrate a "good faith effort"?
- **Signature:** Did you provide a signed copy of the plan? A scanned copy is sufficient.
- **Goals/Achievements Table:** Do your prior year goals match last year's plan? Do your current year goals match the goals listed in #2? If this is your first plan, you should not complete the first two columns.
- **Justification Letter:** Did you provide a justification letter to explain any anomalies in your plan?

5-3 Quick Check



6. Review Process

Subcontracting Plan Reviewers

- **FSS**
Lydia.McKay@va.gov, 708-786-5837
- **NCS Pharmaceutical Contracts**
Teresa.Hussain@va.gov, 708-786-5852
- **All Other NCS Contracts**
Your assigned Contract Specialist

Other Plan Assistance

- **Procurement Technical Assistance Centers (PTAC)**
<http://www.aptac-us.org/new>

7-1 Contacts

SBA Regional Offices

- **Area 1:** CT. MA. ME. NH. NJ. NY. RI. VT. PR. Virgin Islands
Ms. Janette Fasano (617)565-5622 jannette.fasano@sba.gov
- **Area 2:** DC. DE. MD. PA. VA. WV
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- **Area 3:** AL. FL. GA. KY. MS. NC. SC. TN
Mr. Mitchell Morand (404) 331-7587 x202 mitchell.morand@sba.gov
- **Area 4:** IN. IA. IL. KA. MI. MN. MO. ND. NE. OH. SD. WI
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7-2 Contacts